

February 25, 1998

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
Acquisition Services Branch

SUBJECT: Policy Memorandum No. 98-006, Limited Technical
Evaluations of Contractor Proposals in Simplified
Procurements

1. Purpose. The purpose of this Policy Memorandum is to provide guidance on performing limited technical evaluations of contractor proposals under Simplified Procurement Procedures stated in Chapter 5 of the Acquisition Policy Manual (APM).
2. References. APM Chapter 5, *Simplified Procurement Procedures*.
APM Chapter 6, *Formal Contracting*.
3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch Personnel. This Policy Memorandum is intended to provide the procedures to be utilized in conducting limited technical evaluations for simplified procurements, whenever the Contracting Officer determines that a more complete technical evaluation of the contractors' proposals is appropriate. However, the provisions of this Policy Memorandum shall not apply to the evaluation of oral solicitations conducted in accordance with APM 5.D.2.a.
4. Background. Chapter 5 of the APM sets forth that simplified procurements are normally awarded based upon price, with technical evaluations being limited to a pass/fail determination of the contractor's qualifications. However, at the discretion of the Contracting Officer, the evaluation may be scored to provide a more quantitative analysis of the contractor's technical qualifications. When such an evaluation is performed, it shall be conducted in accordance with the procedures set forth in this Policy Memorandum.
5. APM Change. In accordance with the foregoing, the APM is revised in the following areas:
 - a. APM 5.C.6 is deleted in its entirety and restated as follows:

“5.C.6. **Technical Evaluation Factors**. A technical evaluation may not always be necessary, particularly if the goods and services required are commercially

available. Under these circumstances, award may be based on the lowest evaluated price. However, if the Contracting Officer determines that the award should not be made on a price only basis, technical information may be required and technical requirements and price considerations may be used to determine the awardee. The technical information may be reviewed on a pass/fail basis or evaluated (scored) by the TEO. If technical requirements are to be used in the evaluation process, the Program Office, in consultation with the Contracting Officer, shall develop the technical evaluation criteria. Technical requirements shall be evaluated, and contractors' proposals shall be scored in accordance with the procedures set forth in APM 5.E.3.a. (4)(b). The technical evaluation criteria, in accordance with the requirements of APM 6.D.2.d, shall be finalized before the solicitation package is released, and the contractor shall be informed in the solicitation that the proposals shall be evaluated based upon technical and price considerations."

- b. APM 5.E.3 is deleted in its entirety and restated as follows:

5.E.3. Written RFQ Evaluation Procedures.

"5.E.3.a. *Proposal Evaluation.*

- (1) Evaluation Criteria.** Written quotations shall normally be evaluated on the basis of price alone. Other factors, such as past performance, capacity, quality and technical capability may be considered, if these factors are specified in the RFQ. Evaluation of these factors shall normally be done on a pass/fail basis and do not require point scoring. However, when the Contracting Officer has determined that a limited technical evaluation shall be conducted, the additional procedures set forth below shall be utilized.
- (2) Technical Evaluation Official.** The Program Office shall designate a Technical Evaluation Official (TEO) who will evaluate the written quotations for compliance with the technical requirements and the evaluation criteria established in the RFQ. The TEO should be a knowledgeable Program Office representative and, in most cases, should be the person who prepared the Requirements Package and assisted in the preparation of the RFQ. The selection of the TEO is subject to the approval of the Contracting Officer. Before reviewing the contractors' proposals, the Contracting Officer shall instruct the TEO on the conduct of the evaluation and the need to preserve the confidentiality of the contractors' proposals.

(3) Distribution. If the proposal contains material other than price information, the Contracting Officer will distribute the technical portion of each of the proposals to the TEO for evaluation.

(4) Technical Evaluation.

(a) **Standard Technical Evaluation (Pass/Fail).** The TEO shall evaluate the technical proposals or technical literature in a timely and impartial manner on a pass/fail basis, and document the results in writing. The supporting documentation shall be based on the extent of the evaluation to be performed. At a minimum it must include the basis for the evaluation and the rationale for deeming any quotation to be technically unacceptable.

(b) **Limited Technical Evaluation (Scored).** In solicitations where a limited technical evaluation is required, the TEO shall review and score each proposal, in accordance with the technical evaluation criteria, and the scoring procedures set forth in APM 6.D.2.h. However, a Technical Evaluation Panel is not required.

(c) **Documentation.** The TEO shall submit a memorandum that details the results of the applicable technical evaluation in (a) or (b) above. Each page of the report shall include the following protective marking: “Confidential Contracting Information – Not for Public Disclosure.” The report shall be returned to the Contracting Officer with the technical portions of the proposals. When a limited technical evaluation has been conducted, the TEO should ensure that the results of the technical evaluation are properly documented and provided to the Contracting Officer. The TEO may use *the Technical Evaluation Panel Rating Form*, Exhibit XII.

(5) Price Evaluation/Contracting Officer Duties. When a price or a price with pass/fail technical evaluation is used, the proposed prices shall be ranked from lowest to highest. The lowest price, responsive offer shall be considered for award after determining the price to be reasonable and conducting the other pre-award reviews required by APM 5.F. When a limited technical evaluation is being conducted, the Contracting Officer shall evaluate and score the price quotation in

accordance with APM 6.D.5.d. The standard 60% technical/40% price weight ratio shall be utilized and a *Proposal Weighting and Ranking Analysis Form* (Exhibit XI) shall be prepared. The Contracting Officer shall combine the technical and cost scores and make a best value decision in accordance with APM 6.A.6.

5.E.3.b. ***Price Reasonableness Determination.*** Price reasonableness determinations shall be performed for all contracts prior to award. The level of detail for the determination will depend on the dollar amount and complexity/nature of the procurement. A price reasonableness determination for a routine, commercial item may only need to involve a comparison to prices for previous procurements of the same item, whereas higher dollar, non-routine items may require further support. The procedure for price reasonableness determinations requires the input from the Contracting Officer and the TEO as follows:

- (1) **Contracting Officer Duties.** The Contracting Officer is responsible for determining the price to FDIC for goods or services acquired under Simplified Procedures is fair and reasonable. Generally, when fair and adequate competition is obtained (three or more offerors), a comparison of the proposed prices is sufficient to determine that the successful price is fair and reasonable. The determination may also be based upon a comparison of the proposed price with current market prices, previous procurements, or the price of actual purchases made from published lists, catalogues or advertisements, or any other reasonable basis.
- (2) **TEO Duties.** The TEO, as the technical expert, must determine that the successful price is realistic for the goods or services being acquired. This step requires that the TEO be able to conclude that the offeror clearly understands the requirements and can successfully perform the requirements at the proposed price. For example, a price that is too high or too low for the offered goods or services may indicate a potential lack of understanding of the requirement on the part of the contractor. To accomplish this determination, the Contracting Officer shall provide the TEO with the price quotations after the technical evaluation is completed.

(3) Documentation. The Contracting Officer and TEO individual determinations must be in writing and completed prior to award. If an offeror's proposal is determined to be unacceptable in accordance with (1) and (2) above, this matter shall also be documented in writing by either the Contracting Officer or the TEO, as appropriate, and the Contracting Officer shall eliminate the offeror from further consideration.

5.E.3.c. **MWOB Price Incentive.** MWOB price evaluation incentives shall be applied to the price proposals of technically qualified and eligible firms when the estimated value of the contract is \$50,000 or greater, as specified in APM 5.E.1.g.

5.E.3.d. **Evaluation summary.** When other than price related factors are considered in selecting the contractor, and whenever a limited technical evaluation has been conducted, the Contracting Officer shall document the file to support the final contract award decision. When a limited technical evaluation has been conducted, documentation shall include the TEO's *Technical Evaluation Form* (Exhibit XII), and the Contracting Officer's *Proposal Weighting and Ranking Analysis* (Exhibit XI)."

6. Effective Date. This Policy Memorandum is effective immediately.

7. Contact. If you have any questions, please contact David K. McDermott at (202) 942-3434.

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